



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 3/26/2003

GAIN Report #IS3002

## **Israel**

### **Product Brief**

### **Israeli Pet Food Market**

## **2003**

Approved by:

**Asif Chaudhry**

**U.S. Embassy**

Prepared by:

Yossi Barak

---

#### **Report Highlights:**

**Due to the increasing standard of living, Israel's pet market has been expanding in recent years. More Expenditures on pet food has increased annually by 10 to 15 percent and its size has exceeded \$60 million per annum. Imports of pet food constitute 55 percent of the market. In recent years the market is characterized by penetration of new types of foods, mainly dietary, health and premium foods.**

---

Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

Cairo [EG1], IS

Summary .....	<a href="#">Page 2 of 14</a>
General - pets in Israel .....	<a href="#">Page 3 of 14</a>
The Pet food market in Israel. ....	<a href="#">Page 4 of 14</a>
General .....	<a href="#">Page 4 of 14</a>
Kosher-Food .....	<a href="#">Page 4 of 14</a>
Market size. ....	<a href="#">Page 4 of 14</a>
Leading Brand Names .....	<a href="#">Page 5 of 14</a>
Prices .....	<a href="#">Page 5 of 14</a>
Table 1 - retail prices (for February 2000) .....	<a href="#">Page 5 of 14</a>
Imports .....	<a href="#">Page 6 of 14</a>
Table 2 - Import Data, in thousands of dollars, CIF, for the years: 1995 - 2002 .....	<a href="#">Page 6 of 14</a>
Table 3 - Distribution of Import by countries for the Years1996-2001 - % .....	<a href="#">Page 6 of 14</a>
Exports .....	<a href="#">Page 7 of 14</a>
Table 4 - Comparison of the 1996 2001 data in thousand of dollars. .....	<a href="#">Page 7 of 14</a>
Marketing Channels. ....	<a href="#">Page 7 of 14</a>
Trends in pet food consumption .....	<a href="#">Page 8 of 14</a>
General .....	<a href="#">Page 8 of 14</a>
Premium Products .....	<a href="#">Page 8 of 14</a>
Import Regulations, Packaging and Labeling Requirements. ....	<a href="#">Page 9 of 14</a>
Import License for Pet Food .....	<a href="#">Page 9 of 14</a>
Packaging and Labeling .....	<a href="#">Page 9 of 14</a>
Custom Duties and Preferential Duties. ....	<a href="#">Page 11 of 14</a>
Duties .....	<a href="#">Page 11 of 14</a>
Preferential Duties .....	<a href="#">Page 11 of 14</a>
ANNEX 1B .....	<a href="#">Page 12 of 14</a>
ANNEX 1B .....	<a href="#">Page 13 of 14</a>

## **Summary**

Due to the rise in the standard of living of its population and the availability of free time, Israel's pet market has been expanding in recent years.

In Israel 34 percent of the households keep pets. The most common pets are dogs (21 percent of households) and cats (8 percent of households).

In recent years expenditures on pet food products has increased by 10 to 15 percent.

The size of Israel's pet market in 2000 was estimated at 60 to 66 million dollars. The market is in a state of expansion.

Local production, constituting about 45 percent of the market, is mainly in the hands of two companies namely "Tami" producer of the 'Dogli' and 'Catli' brands, and "Maabarot", manufacturer of 'Bonzo' and 'La Cat'.

Imports constitute 55 percent of the total market and amounted in 2001 about 35.9 million dollars. During the coming years, the share of imports in the total market is expected to rise. About 36 percent of total imports comes from the USA (about 12.8 million dollars in 2001), which is the largest supplier in the market..

Exports of pet food from Israel are small, amounting in 2001 to roughly 6.7 million dollars.

Pet foods is sold in pet shops (40 percent), in marketing chains (40 percent to 50 percent) and "Do It Yourself" chains (5 to 10 percent).

Most of the pet food is imported by small-scale importers who specialize in this market. Some of the marketing chains import private brand names.

In recent years the Israeli pet food market has been characterized by the penetration of new products mainly health products (diet, premium, etc). Almost all companies operating in the industry display a complete series of products, including health type products. These are also the fields in which most the growth is expected to take place in the next few years, and their market share can be expected to continue to rise.

Israel's pet food market has developed considerably in recent years, both in size and in the diversity of producers, and products. Nevertheless, this is still a developing market, the potential of which is not yet realized.

## **General - pets in Israel**

In recent years, the Israeli market for pet has shown a trend of continuous growth, as a result of a rise in the standard of living and available free time. The market is still considered to be "developing" and its full potential has not yet been realized and the number of household pets is expected to continue to grow.

In 1997, 31 percent of households kept a pet. Presently, roughly 34 percent of households (about 560,000 out of a total 1,651,600 households in Israel) keep an animal.

The most common pets in Israel are dogs (21 percent of households), followed by cats (about 18 percent of households) - many cat owners keep one cat, and fish (about 3 percent).

According to the local industry - about 60 percent of the dogs are vaccinated, whereas the number of vaccinated cats is much less. Based on this estimate, households in Israel keep about 300,000 dog and a similar number of cats. For comparison: according to the U.S. pet food industry estimates about 60 million dogs and 70 million cats are kept by 100,673,000 households; more than 80 percent of households in the U.S. keep at least one pet.

The overwhelming majority of pet owners keep dogs or cats, whereas the rest keep other animals (fish, birds, reptiles, rodents). The rate of pet ownership normally increases with the rise in disposable income.

Most of the pet owners 58 percent consider the animal as an "additional family member", 25 percent as a hobby, 12 percent as "child's play" and 5 percent as a "means of defense". Women usually consider pets as an additional family member, whereas men are more inclined to consider them as "child's play".

About 34 percent of dogs are certified pure-bred, and 8 percent of dog owners participate in institutionalized activities related to dogs. Such activities are more common in households with children below the age of 18.

In most cases the treatment of pets, and decisions regarding the type of food and equipment to be purchased for the pets, is the responsibility of women.

Recently, expenditures related to the treatment of pets have increased at a rate of 10 to 15 percent annually.

## **The Pet food market in Israel.**

## **General**

The pet food market is not influenced by fluctuations in the economy because the expenses for pet do not significantly drop when the economic situation deteriorates.

Pet food is divided into three categories of quality, namely popular, medium and premium (or super premium). An additional classification is according to the type of food: dry, semi-dry and moist. Moist food is any pet food containing more than 80 percent liquids. It is estimated that the market share of dry food exceeds 50 percent however the trend of its share is on the decrease.

An adult dog is fed twice a day while a puppy is fed three times daily. 70 percent of pet owners prefer to give their pets ready-made food. Many owners diversify and supplement the animal's feed ration with kitchen residues.

Usually, consumers are highly faithful to the brand name of the pet food they buy. The initial choice of the product is determined by its availability for sale on the store shelves, advertising and price.

## **Kosher-Food**

Pets are not required to "eat kosher", however there are elements of "kosherness", which should be taken into consideration (in this case, kosherness is defined as kosher for usage and not for human consumption).

"Kosher l'Pesach" - during Passover it is forbidden to benefit from leavened food ("chametz") and it is also forbidden to keep leavened food at home. Therefore, it is forbidden to feed leavened food to pets, but it should be mentioned that there is no match between pet holders and Jewish tradition keepers.. Similarly, since it is forbidden to benefit from a combination of meat and milk, it is also forbidden to feed pets such a mixture. There are certain pet food brands that are "kosher l'Pesach", i.e kosher all year round and also for Passover.

## **Market size.**

No accurate data on local production is available, because production is mainly concentrated in the hands of two companies which regard these data as protected commercial secrets.

The estimated total volume of Israel's pet food market ranges from 60 to 66 million dollars per year.

Imports constitute about 55 percent of the market and their share is continuously rising.

## **Leading Brand Names**

Several companies produce pet food. "Maabarot" (which produces the brands "Bonzo and "LaCat" and also import) and Tami (producers of the brands "Dogli and "Catli") jointly own about

35 percent of the total Israeli market. The rest of the local production is divided among several smaller producers. The two companies invest in the development of their product lines to improve their competitive position while facing steadily growing imports. The two companies are only marginally involved in the production of pet food ("Maabarot" mainly produces baby-food, special food products, and raw materials for the food processing industry. "Tami" mainly produces food products), which may have an influence on their willingness and capability to innovate and improve in order to be competitive. If the Israeli producers succeed in increasing the share of exports in their total activities, it is quite possible that this will also influence the local market regarding their diversity, quality and prices of the domestically produced products.

Almost all companies operating in this market offer a comprehensive diverse of products including, among others, foodstuff, especially adapted to the needs of specific age group of dogs, premium food and other products.

### Prices

The market for pet food is considered profitable, with retailers making on most products a profit of about 30 percent on most products.

**Table 1 - retail prices (for February 2000)**

	Type	Price in USD/lb	Remarks
Dog feed	Canned goods	1.36-1.8	
	Dry	1.4-1.8	Premium \$2.27 - 2.84/lb
Cat feed	Canned goods	1.25-1.7	The price of premium food may reach \$4.5/lb and more.
	Dry	1.59-2.27	Premium - up to \$2.48/lb

The underlying rate of exchange is : \$1= N.S. 4

### Imports

Imports of the various categories of pet food amounted to 35.91 million dollars' (CIF) in 2001.

**Table 2 - Import Data, in thousands of dollars, CIF, for the years: 1995 - 2002**

Custom code	2001	1998	1997	1996	1995
2309* Total	35,911	28,794	25,148	22,674	20,081
230910**	16,478	12,672	10,940	9,723	7,699
230990***	19,433	16,122	14,208	12,951	12,382

\* 2309 Preparations of a kind used in animal feeding

\*\*230910 Dog or cat food put up for retail sale

\*\*\*230990 Other (prepared food for other pets, ornamental fish or birds)

Most imports come from the United States.

The following table lists the countries of origin for most imports.

**Table 3 - Distribution of Import by countries for the Years 1996-2001 - %**

Country	2001	1998	1997	1996
USA	35.6	30.0	23.7	27.7
The Netherlands	14.5	13.8	28.0	18.3
Italy	4.9	9.4	11.0	negligible
France	5.4	7.9	5.0	5.3
Germany	3.0	7.5	6.1	5.7
Switzerland	2.6	5.9	8.5	3.9
Spain	6.1	5.8	6.2	10.0
U.K.	6.2	3.2	5.8	12.0
Austria	8.8	2.8	negligible	1.9
Belgium	1.4	2.8	1.6	3.0
Denmark	1.9	2.5	2.4	2.4
Others	9.6	8.4	1.7	9.8
Total	100.0	100.0	100.0	100.0

For American producers Israel is a relatively large pet food market .

Most of the increase followed the implementation of the U.S. - Israel FTA agreements which abolished all duties on pet foods.

The change in taste and trends in pet food consumption is expected to contribute to a continuous increase in imports due to its greater diversity potential. Nevertheless, the local producers too are making efforts in this direction.

## Exports

Exports of pet food from Israel<sup>1</sup> amounted to 692 thousand dollars in 2001.

"Maabarot" and "Tami", the two main producers of dog and cat food, do not export significant amounts of this commodity, even though efforts are made in this direction.

"Maabarot" exports under the brand name "Lovedog" a complete series of products, including products for various age groups, premium products, diet food, etc.

Most exports go to Hong Kong (25.5%) Uzbekistan (13.2 %), USA (6.2 %), Romania (6.1%) and the rest to other countries in Asia and Europe.

Summary of Data (related to this chapter)

**Table 4 - Comparison of the 1996 2001 data in thousand of dollars.**

	Percentage of average annual change	2001	1998	1997	1996
Size of the local market*		66,000	53,000-58,000		
Local production*		30,000	28,000-33,000		
Imports - Total	9.6	35,911	28,794	25,148	22,674
Imports from the USA	15.6	12,800	8,760	5,900	6,200
Exports	6.6	4,820	3,785	3,800	3,500

\*Estimate only due to unavailable accurate data.

## Marketing Channels.

- Shops
- Supermarkets
- Do it yourself shops (DIY)

It is estimated that pet shops handle about 40 percent of all pet food sales, supermarkets 40-50 percent and Do it yourself chains 5-10 percent. The remaining amount is sold by various outlets such as: fuel stations, gardening shops, veterinary clinics, direct marketing to the customer's home

Some supermarket chains import private pet food brands (the "Blue Square Coop": Pet Club (produced in the USA), The market share of these brands is relatively small (only about 5 percent of total pet food are sold by the importing chain).

Most pet foods are imported by smaller importers who specialize in this specific market, and by a

---

<sup>1</sup>Source: the Export Institute of Israel



few large food companies, for which the pet food field is only one out of many.

## **Trends in pet food consumption**

### **General**

The pet food market is influenced by the same trends affecting the human food market. In the coming years these tendencies are expected to continue and become stronger. It may be said that the "health fad" has also reached the animal kingdom. Generally speaking, the new consumption trends triggered the development of a market that presently offers a diversity of high quality products at a various price levels. These changes among other factors contributed to the rise in the share of imports in the total market.

### **Premium Products**

According to some veterinarians : "...everybody who can afford to purchase premium food for his pets, should do so". Accordingly, these products are more concentrated, so that pets would ultimately eat less food and expensive food actually becomes more economical.

Premium products are more expensive and are considered to be qualitatively superior. Premium products are gaining market share. Presently, the market share of premium products is less than 10 percent, however it is envisaged that the premium food market will continue growing at the expense of non-premium pet foods.

Based on this trend, almost all companies operating in the market already offer a series of premium products.

"Bonzo" - a series of premium products - is offered in three categories: puppies (milk replacers), puppies to the age of one year (meaty food) and for adult dogs.

IAMS - Eukanuba - also offers a series of premium products.

### **Diet/Lite Products**

A further trend in pet food consumption, which is also similar to the trend affecting human food consumption, is the demand for low calorie food for dogs suffering from overweight.

"Dogli" - Dogli Lite products

IAM - Eukanuba - Lite-food products.

## **Import Regulations, Packaging and Labeling Requirements.**

### **Import License for Pet Food**

The Veterinary Services of the Ministry of Agriculture and Rural Development of Israel is responsible for issuing licenses for importing pet food to Israel ( Import and Export Veterinary

Tel: 972-3-968-1751, Fax: 972-3-968-1611).

The importer of pet food must submit a license obtained from the food production plant. The license must be issued by the official veterinary services of the country in which the food is produced. Among others, it must certify that all animal ingredients of the food (excluding fish) are locally produced and not imported, that the plant is under continuous veterinary control and the final product is routinely tested and packed in a way preventing it from coming in contact with pathogens.

### **Packaging and Labeling**

The office responsible for issuing guidelines and regulations regarding packaging and labeling is the Plant Protection Service of the Ministry of Agriculture and Rural Development of Israel. Question regarding packaging and labeling requirements can be addressed to the Fodder Quality Control Division in the Ministry of Agriculture Tel: 972-3-968-1536, Fax: 972-3-968-1552

All regulations appear in the booklet "Regulations for the Control of Products and Services - Fodder Production and Trading in the Commodity" issued in 1993.

Following are a few details regarding packaging and labeling regulations.

The label must contain the following details:

- Name of producer, his address and place of production, and in case of import, also the name and address of the importer.
- The commercial name of the foodstuff and the producer's catalogue number.
- Details of the animals for whom the foodstuff is intended, including a picture or drawing of the animal or of characteristic parts of them.
- Date of production, expiration date and lot number ( for a mixture: only date of production).
- Net weight.
- Number of Import License for pet food (issued by the Veterinary Services) - see above.- Fodder containing food coloring or preservatives should be marked by the words: "containing food coloring" or "contains preservatives".
- In foodstuff consisting of a mixture, the general content of protein, general fat, fiber, ash, calcium, phosphorus, moisture, cooking salt or sodium chloride, manganese, vitamins or minerals and energy, should be marked in descending order of percent.
- On pet food, the following details should appear:  
The words "Complete Food", provided the fodder supplies all living requirements of the animal, excluding water or complementary food, if said foodstuff is not such a food..
- Fodder with a moisture content of less than 13 percent should be marked by the word "dry".
- Fodder with a moisture content ranging between 13 to 50 percent should be marked by the word "soft"
- Fodder with a moisture content exceeding 50 percent and packed in a sealed container, should be marked as "canned food"/
- Fodder sold in frozen state should be marked by the word "frozen".
- Pet food should be marked in bold letters: "Not for Human Consumption".

- Pet food should be marked: "free of Salmonella bacteria".

## **Custom Duties and Preferential Duties.**

### **Duties**

Chapter 23 of the customs regulations deals with "Residues and rejects of the food processing industry: processed animal fodder". Duties on pet foods are noted in 23.09 - "Preparations of a kind used in animals feeding".

Paragraph	Description	Custom rates		
		General	FTA community	Free trade zone agreements with other countries.
2309.1010	Biscuits for dogs	16.4%	16.4%	Canada, Jordan, Poland
2309.1020	Dog and cat food containing 15-35% proteins and at least 4 % fats	8%	8%	Jordan, Poland, Hungary
2309.1090	Other dog and cat food	2%	2%	Jordan, Poland, Hungary
2309.9010	Animal feed in other packages - biscuits	17.6%	17.6%	Canada, Jordan
2309.9020	Contains 15-35% proteins and at least 4% fats.	8%	8%	Canada, Jordan
2309.9030	Prepared food for ornamental fish or birds	8%	8%	Canada, Jordan
2309.9091	Contains more than 50% of milk solids	2%	2%	Canada, Jordan
2309.9099	Others	2%	2%	Canada, Jordan

### Preferential Duties

Further to duty exemptions accorded to countries defined by the free trade zone agreement (FTA), the trade agreement signed between the USA and Israel in 1985, removed all trade barriers relating to these products. The USA benefits from full duty exemption on any quantity. Pet food products are part of List A in the 1996 Agreement on Trade in Agricultural Products (ATAP). Products on List A enjoy free and unlimited access to the Israeli market.

## ANNEX 1B

STATE OF ISRAEL  
MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT  
VETERINARY SERVICES AND ANIMAL HEALTH

Model Official Certification of plants  
producing pet foods intended for export to Israel

The official veterinary authority of \_\_\_\_\_  
(country)

hereby certifies that:

1. The processing plant \_\_\_\_\_  
(name, address and official registration number)  
Is certified by the Veterinary Services of this country as a producer of pet food for local used as well as for export to Israel.
2. The processing plant produces pet foods under the direct supervision of an officially accredited veterinarian.
3. The said plant processes on its premises low risk material of the following species:  
\_\_\_\_\_
4. Raw materials of mammalian origin (excluding milk products) utilized for the production of pet food to be exported to Israel:
  - a. are all of local (producer only) or Australia / New Zealand origin or <sup>1</sup>
  - b. not all raw materials are of such origin: - meal are imported also from

1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

these rendering plants of origin are to be approved by the Israeli Veterinary Services for import to Israel, in line with Annex 1 (pet) - which should be attached signed and stamped by the competent authority.

5. The end products are regularly checked bacteriologically for freedom from pathogenic organisms, including Salmonella spp., and are kept and packed in a way that prevents recontamination.

Date: \_\_\_\_\_

Place \_\_\_\_\_ Name and title of the signatory  
Signature \_\_\_\_\_

Official seal

**ANNEX 1B**

STATE OF ISRAEL  
MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT  
VETERINARY SERVICES AND ANIMAL HEALTH

Model of a veterinary certificate to accompany pet foods

\_\_\_\_\_

<sup>1</sup>delete as appropriate

containing ingredients of animal origin to Israel

Certificate No. \_\_\_\_\_

Exporting country : \_\_\_\_\_

Responsible ministry: \_\_\_\_\_

Certifying department: \_\_\_\_\_

I. Identification

Description of the product and species: \_\_\_\_\_

Nature of packaging: \_\_\_\_\_

Number of packages: \_\_\_\_\_ Net weight: \_\_\_\_\_

Lot/batch production reference number: \_\_\_\_\_

II. Origin

Address and approval number of the producer: \_\_\_\_\_

III. Destination

The pet foods will be sent

From \_\_\_\_\_ To: \_\_\_\_\_  
(place of loading) (country and place of destination)

By the following means of transport: \_\_\_\_\_

(the flight number or the name of the ship)

Container No.: \_\_\_\_\_ Seal No. \_\_\_\_\_

Name and address of consignor: \_\_\_\_\_

Name and address of consignee: \_\_\_\_\_

IV. Declaration

I, the undersigned official veterinarian hereby certify that:

1. The producer is a plant which is approved by the State Veterinary Services for the local market as well as for export to Israel and supervised by an official accredited veterinarian;

1. No case of diseases specific to the species included in List A of the OIE code have been diagnosed within a radius of 30 kms from the processing plant during the last 6 months prior to shipment;

1. In the case of canned pet food, the product has been;
  - a) heat treated in hermetically sealed containers to a minimum Fc value of 3,0;
  - a) manufactured and packed complying with approved manufacturing practice, sufficient to render it commercially sterile and free from pathogenic microorganisms;
1. In case of dry pet food and semi-moist pet food:
  - a) The product has been manufactured and packed complying with approved manufacturing practice, sufficient to render it microbiologically stable, and is fit for sale in the country of origin and for export to Israel.
  - a) The processed pet food or the ingredients of animal origin have been subject to a heat treatment of at least 90° C throughout their substances;
  - a) The end products have been examined within 2 weeks prior to shipment and found free from pathogenic microorganisms, including Salmonellae;
1. The end product was stored in enclosed storage and had undergone all precautions to avoid recontamination with pathogenic agents after treatment;
1. To the best of my knowledge and belief, the consignment certified herein has not been exposed to radioactive contamination.

Date \_\_\_\_\_

\_\_\_\_\_  
Full name and title of the official veterinarian

Place \_\_\_\_\_

Signature \_\_\_\_\_

(Official Stamp)